

Membership PLUS Accounting

Entering Transactions (Brief Overview)

Transactions are fundamental financial events that have a definite measurable economic impact. Think of them as your daily dealings with money: writing a check, withdrawing funds from a savings account, or paying cash for a magazine, for example.

In Membership Plus, you record transactions (such as a payment or a deposit) to track financial history and to track the current balance for each of your accounts.

Recording a transaction causes the related account balances to **increase** or **decrease**.

Membership Plus is based on the concept of **double-entry accounting**. In double-entry accounting, every transaction must involve at least two accounts. Writing a check to pay for groceries, for example, represents a decrease to your checking account and an increase to your groceries expense account.

The transactions for each account are displayed in a Transaction Register. You can use the register to perform many functions, including adding, editing, and sorting transactions.

The basic steps for adding or editing transactions are the same for all transaction types.

Transactions can be simple or complex in nature. Simple transactions generally involve only two accounts and are generated by a single event. An example of a simple transaction would be paying the bill for newspaper delivery. To record the payment for this service, you would decrease (**credit**) your checking account and increase (**debit**) an expense account, one you may have named "Books and Subscriptions," for example.

Complex transactions involve several accounts. An example of a more complicated transaction might be recording your home mortgage payment. Even though you may only write one check for this, the transaction can actually involve several components such as: reducing the amount borrowed and increasing the amounts paid for interest, property taxes, and insurance. These complex transactions can be recorded as **split transactions**.

Frequently Used Terms

Double Entry Accounting

Membership Plus accounting is based on the double-entry (as opposed to the single-entry) accounting method. The fundamental model is the balance sheet equation: $\text{Assets} = \text{Liabilities} + \text{Equity}$ (Income and expense accounts are subsets of the more general equity category.) Although various components of the equation may change, it has to remain balanced. This means that every transaction must involve at least two accounts. Every event is recorded in such a way that the equation holds true after as well as before the event.

Fund Accounting

Fund accounting is typically used by those organizations that are deliberately structured for not-for-profit operation, such as churches, schools, hospitals, and local governments. In this context, a fund is a collection of accounts related to a specified subset of the activities of the organization. Membership Plus uses Fund Accounting for its accounting system. In most respects, using fund accounting is the same as using it for maintaining your personal finances. However, there are some added details geared to the not-for-profit organization. When using fund accounting, you create special equity accounts of the type "Fund balance." Each Fund balance account represents one of your funds. When you add other accounts, you specify the fund that each account is to be linked to.

Fund

A fund is a sum of money or other resources designated for a particular purpose. The use of funds lets your organization track your members' desire for how the money they give to your organization is to be used.

The following rules apply to the selection and use of **Transaction Types**:

1. The **Account Type** entry for the transaction determines the available transaction types.
2. The **Transaction Type** entry determines whether the transaction increases or decreases the account balance.
3. **Special transaction types** are used for year-end processing transactions and archive transactions. These types are determined by the program; they are not available to you.

Entering Transactions

The kind of transactions you enter and how often you enter them in Membership Plus are up to you. Some people track and enter every cent they spend; others record only major transactions. Whatever you decide, the process you use is the same for all account types.

Methods for Recording Transactions

A. Transaction Form

1. Open the **Transactions** module by clicking Accounting button on the modules tool bar or by selecting Transactions from the Accounts sub-menu on the Module menu.
2. Click the **Add Button** at the top in the toolbar of the Transactions module.
3. Select the **Account Type** of the originating account for the transaction by clicking in the Account Type field and then selecting your choice.
4. Choose the **Account Name** by clicking in the Account Name field and selecting the correct name.
5. Select a **Transaction Type** from the Transaction Type field at the top right of the form.
6. Enter a number for the transaction in the Number field on the **Transaction Form**, or accept the default.
7. Enter the date for the transaction if the correct date is not displayed in the **Date field**.
8. Enter the name of the payee or a description in the Pay to the Order of field. The title of the Pay to the Order of field changes, depending on the transaction type. If the transaction is a deposit, rather than a check, for example, the field will read "Received From." If you have already entered a transaction involving the same person or organization, you can click the arrow at the right side of the field and pick the name from the list that appears.
9. Enter the amount of the transaction. (See Split Transactions if you need to divide the amount between two or more accounts.)

10. If desired, enter a description of the transaction in the Memo field. Memos are optional. Additional notes can be entered in the Details window; just click the Details button to open the window. (See Details Window.)
11. When you move the cursor to the Post to field, a drop-down list will appear, showing all of the existing accounts the transaction could be posted to. Select the appropriate one.
12. Click Save to record the transaction.

The Transaction **Register** is used to view and sometimes edit transactions.

Split Transactions

Split transactions are an essential part of using Membership Plus Accounting. The simplest example is a check you write is a mortgage payment; a specific part of the payment is principal, another part is interest, and still another might be insurance. Even a deposit to record your income might be split between checking and savings. Any type of transaction can be split using the Split Transaction dialog.

Entering Split Transactions

To enter a split transaction:

1. Open a Transaction Form or Register for the appropriate account.
2. Select the appropriate Account Type, Account Name, and Transaction Type.
3. Change the date and transaction number, if necessary.
4. Enter the total amount of the transaction.
5. Click the Split button to open the Split Transaction dialog.

Enter the account name and the corresponding amount for each posted-to account. A memo field is also available for each account entry. As you enter the accounts and amounts, Membership Plus keeps track of the total transaction and displays any out-of-balance amount at the bottom of the window

****Control Features****

For each transaction you enter, the program will:

- Track the transaction number.
- Show the current balance for the account involved.
- Check everything you enter to make sure it is the expected type of input.
- Prevent you from continuing until all required information is entered.
- Make sure a transaction is posted to the proper type of account.

However, the program can't know when you make a typing mistake, post a transaction to the wrong account, or make other errors in your entries. Therefore, it is important to enter transactions carefully.

Please reference Your Help Files for detailed information on how to Edit, Delete, Or Void a Transaction.